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Marketing, Recession and Sustainable Development in Nigeria

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Abstract: *The study investigated on Marketing, Recession and Sustainable Development in Nigeria. It determined the extent to which Recession impacts on marketing in Nigeria. The researchers adopted survey method, using questionnaires to gather data from the selected marketing enterprises within country under study. It made use of 80 sample size out of the total population of 100. The findings showed that marketing is a form of communication between a firm and its customers with the goal of selling its product or service to them. It was also found recession impacts negatively to marketing in Nigeria. It is recommended that firms should be customer oriented, be mindful of both their external and internal marketing environment and communicate positively to the end user through publicity, public relation and against all odds, know their product life cycle before launching into the market to obtain sustainability in recession.*

Key words: *Marketing, Recession, Sustainable Development*

BACKGROUND OF THE STUDY

Marketing is the study and management of exchange relationships. The American Marketing Association has defined marketing as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."

Marketing is used to create the customer, to keep the customer and to satisfy the customer. With the customer as the focus of its activities, it can be concluded that Marketing is one of the premier components of Business Management - the other being Innovation. Other services and management activities such as Operations (or Production), Human Resources, Accounting, Law and Legal aspects can be "bought in" or "contracted out".

Marketing is defined by the American Marketing Association as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." The term developed from the original meaning which referred literally to going to a market to buy or sell goods or services. Seen from a systems point of view, sales process engineering views marketing as "a set of processes that are interconnected and interdependent with other functions, whose methods can be improved using a variety of relatively new approaches."

The Chartered Institute of Marketing defines marketing as "the management process responsible for identifying, anticipating and satisfying customer requirements profitably." A similar concept is the value-based marketing which states the role of marketing to contribute to increasing shareholder value. In this context, marketing can be defined as "the management process that seeks to maximize returns to shareholders by developing relationships with valued customers and creating a competitive advantage." In all, marketing is a form of communication between you and your customers with the goal of selling your product or service to them.

On the other hand, the National Bureau of Economic Research (NBER) defined recession as “a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in a real gross domestic product, real income, employment, industrial production and wholesale-retail sales”.

Economists officially define a recession as two consecutive quarters of negative growth in gross domestic product (GDP) . Both definitions are accurate because they indicate the same economic results: a loss of jobs, a decline in real income, a slowdown in industrial production and manufacturing and a slump in consumer spending

STATEMENT OF THE PROBLEM

The economic landscape in Nigeria has been a cause of worry in the past few months, everyone on the street feels the pinch. Both big and small firms are faced with the challenges of survival. Hence, the study to investigate on marketing, recession and achieving a sustainable development in the dwindling economy of Nigeria.

OBJECTIVES OF THE STUDY

The primary aim of the study is to evaluate marketing, Recession and Sustainable Development in Nigeria, other sub-objectives are;

- To ascertain the impact of recession on marketing
- To outline the factors to consider while marketing in recession
- To find ways of achieving market sustainability in recession

LITERATURE REVIEW

IMPACT OF RECESSION ON BOTH SMALL AND BIG FIRMS

Recessions come and go and some are more severe and last longer than others. But history shows that recessions invariably end, and when they do, an economic recovery follows. As asserted by Kotler (1999) that where a firm is marketing oriented, its entire organization welded together in one unified coherent system which is directed towards a well defined set objective unless an organization has devised an effective strategy that is open to benefiting from its competitors. Thus, a customer and market oriented firm is liable to make it in a recession period. According to et al (1997) are some of the impacts of recession on firms both big and small.

Falling Stocks and Slumping Dividends

As declining revenues show up on its quarterly earnings report, the manufacturer's stock price may decline. Dividends may also slump, or disappear entirely. When the manufacturer's stock falls and the dividends decline or stop, institutional investors who hold that stock may sell and reinvest the proceeds into better-performing stocks. This will further depress the company's stock price

Credit Impairment and Bankruptcy

Also impacted by the recession is the accounts receivable (AR). The customers of the company that owe it money may pay slowly, late, partially or not at all. Then, with reduced revenues, the affected company will pay its own bills more slowly, late, or in smaller increments than the original credit agreement required. Late or delinquent payments will reduce the valuation of the corporation's debt, bonds and ability to obtain financing. The company's ability to service its debt (pay interest on the money it has borrowed) may also be impaired, eventuating in defaults on bonds and other debt, further damaging the firm's credit rating and preventing further borrowing.

Debt will have to be restructured and/or refinanced, meaning new terms will have to be agreed upon by creditors. If the company's debts cannot be serviced and cannot be repaid as agreed upon in the lending contract, then bankruptcy may ensue. The company will then be protected from its creditors as it undergoes reorganization, or it may go out of business completely.

Employee Lay-offs and Benefit Reductions

The business may cut employees, and more work will have to be done by fewer people. Productivity per employee may increase, but morale may suffer as hours become longer, work becomes harder, wage increases are stopped and fear of further layoffs persists As the recession increases in severity and length, management and labor may meet and agree to mutual concessions, both to save the company and to save jobs. The concessions may include wage reductions and reduced benefits. If the company is a manufacturer, it may be forced to close plants and discontinue poorly performing brands. Automobile manufacturers, for example, have done this in previous recessions.

Cuts to Quality of Goods and Services

Secondary aspects of the goods and services produced by the recession-impacted manufacturer may also suffer. In an attempt to further cut costs to improve its bottom line, the company may compromise the quality, and thus the desirability, of its products. This may manifest itself in a variety of ways and is a common reaction of many big businesses in a steep recession. Airlines, for example, may lower maintenance standards. They may install more seats per plane, further cramping the already squeezed-in passenger. Routes to marginally profitable or money-losing destinations may be cut, inconveniencing customers and damaging the economies of the cancelled destinations.

Giant food purveyors may offer less product, for the same price, in the same size package in which the larger amount was previously sold. Quality may also be reduced. Coffee, for example, may be cut with lesser-quality beans, compromising flavor and driving away cost-conscious consumers with little brand loyalty who have noticed the change.

Reduced Consumer Access

As firms impacted by the recession spend less money on advertising and marketing, big advertising agencies which bill millions of dollars per year will feel the squeeze. In turn, the decline in advertising expenditures will whittle away at the bottom lines of giant media companies in every division, be it print, broadcast or online As the effects of a recession ripple through the economy, consumer confidence declines, perpetuating the recession as consumer spending drops.

A RECESSION'S IMPACT ON SMALL BUSINESSES

The impact of a recession on small businesses that have annual sales substantially less than the Fortune 1000 and that are not public companies is similar to large businesses. Without major cash reserves and large capital assets as collateral, however, and with more difficulty securing additional financing in trying economic times, smaller businesses may have a harder time surviving a recession. Bankruptcies among smaller businesses may therefore occur at a higher rate than among larger firms. Church et al 2003).

The bankruptcy or dissolution of a small business that serves a community - a franchised convenience store, for example - can create hardships not only for the small business owners, but for residents of the neighborhood. In the wake of such bankruptcies or dissolutions, the entrepreneurial spirit which inspired someone to go into such a business may take a hit, discouraging, at least for a while, any risky business ventures. Too many bankruptcies may also discourage banks, venture capitalists and other lenders from making loans for startups until the economy turns around. (Read Six Steps To A Better Business Budget to learn about an easy but essential process that helps owners keep their small businesses afloat. According to Bartels et al (1988) below are eight factors to consider while marketing in recession to achieve a sustainable development

Research the customer. Instead of cutting the market research budget, you need to know more than ever how consumers are redefining value and responding to the recession. Price elasticity curves are changing. Consumers take more time searching for durable goods and negotiate harder at the point of sale. They are more willing to postpone purchases, trade down, or buy less. Must-have features of yesterday are today’s can-live-without. Trusted brands are especially valued and they can still launch new products successfully but interest in new brands and new categories fades. Conspicuous consumption becomes less prevalent.

Focus on family values. When economic hard times loom, marketers tend to retreat to village. Look for cozy hearth-and-home family scenes in advertising to replace images of extreme sports, adventure and rugged individualism. Zany humor and appeals on the basis of fear are out. Greeting card sales, telephone use and discretionary spending on home furnishings and home entertainment will hold up well, as uncertainty prompts us to stay at home but also stay connected with family and friends.

Maintain marketing spending. This is not the time to cut advertising. It is well documented that brands that increase advertising during a recession, when competitors are cutting back, can improve market share and return on investment at lower cost than during good economic times. Uncertain consumers need the reassurance of known brands–and more consumers at home watching television can deliver higher than expected audiences at lower cost-per-thousand impressions. Brands with deep pockets may be able to negotiate favorable advertising rates and lock them in for several years. If you have to cut marketing spending, try to maintain the frequency of advertisements by shifting from 30-to-15 second advertisements, substituting radio for television advertising, or increasing the use of direct marketing, which gives more immediate sales impact.

Adjust product portfolios. Marketers must reforecast demand for each item in their product lines as consumers trade down to models that stress good value, such as cars with fewer options. Tough times favour multi-purpose goods over specialized products and weaker items in product lines should be pruned. In grocery-products categories, good-quality own-brands gain at the expense of national brands. Industrial customers prefer to see products and services unbundled and priced separately. Gimmicks are out; reliability, durability, safety and performance are in. New products, especially those that address the new consumer reality and thereby put pressure on competitors, should still be introduced but advertising should stress superior price performance, not corporate image.

Support distributors. In uncertain times, no one wants to tie up working capital in excess inventories. Early-buy allowances, extended financing and generous return policies motivate distributors to stock your full product line. This is particularly true with unproven new products. Be careful about expanding distribution to lower-priced channels; doing so can jeopardize existing relationships and your brand image. However, now may be the time to drop your weaker distributors and upgrade your sales force by recruiting those sacked by other companies.

Adjust pricing tactics. Customers will be shopping around for the best deals. You do not necessarily have to cut list prices but you may need to offer more temporary price promotions, reduce thresholds for quantity discounts, extend credit to long-standing customers and price smaller pack sizes more aggressively. In tough times, price cuts attract more consumer support than promotions such as sweepstakes and mail-in offers.

Stress market share. In all but a few technology categories where growth prospects are strong, companies are in a battle for market share and, in some cases, survival. Knowing your cost structure can ensure that any cuts or consolidation initiatives will save the most money with minimum customer impact. Companies such as Wal-Mart and Southwest Airlines, with strong positions and the most productive cost structures in their industries, can expect to gain market share. Other companies with healthy balance sheets can do so by acquiring weak competitors.

Emphasise core values. Although most companies are making employees redundant, chief executives can cement the loyalty of those who remain by assuring employees that the company has survived difficult times before, maintaining quality rather than cutting corners and servicing existing customers rather than trying to be all things to all people. CEOs must spend more time with customers and employees. Economic recession can elevate the importance of the finance director's balance sheet over the marketing manager's income statement. Managing working capital can easily dominate managing customer relationships. CEOs must counter this. Successful companies do not abandon their marketing strategies in a recession; they adapt them.

METHODOLOGY

The study was carried out in Nigeria with few selected firms around for the researchers' convenience. The paper uses survey research method with a structured questionnaire to aid in answering the variables in the research questions raised, with a sample of 80 respondents, 80 questionnaires were administered within the respondents out of which seventy (70) was returned. Likert Scale structured questionnaires was used with options of four variables, which ranges from Strongly Agree (SA) Agree (A) , Disagree (D) and Strongly Disagree (SD). The instrument used for data collection is questionnaire designed by the researcher and validated by experts. The questionnaires were administered on a face to face contact with the respondents.

Table 1: In achieving sustainability in marketing, recession impacts negatively

Options	Response	Percentage (%)
Agreed	7	20
Strongly agreed	40	55
Disagree	3	5
Strongly disagree	20	20
Total	70	100

Source: Field Survey 2017

From the above table, 7 respondents which represent (20%) said in achieving sustainability, recession impacts negatively to marketing, 40 of 55% of the respondents strongly agreed. While 3 or 5% of the respondents and, 20 or 20% of the respondents disagree and strongly disagree to the fact.

Table 2: What factors are necessary for sustainability in marketing during recession?

Options	Responses	Percentage (%)
Research the customer	10	8
Focus on family values	15	9
Maintain marketing spending	25	60
Adjust pricing tactics. etc	20	23
Total	70	100

Source: Field Survey 2017

In response to item above 10 or 8% of the respondents said the factor necessary of sustainability in marketing during recession is researching the customer, 15 or 9% respondents said is focusing on family values, 25 or 60% of respondents said is maintaining marketing spending, while 20 or 23% of the respondents said is adjusting pricing tactics

Table 3: How can recession impacts on marketing

Options	Responses	Percentage (%)
Reduced Consumer Access	20	24
Cuts to Quality of Goods and Services	15	10
Employee Lay-offs and Benefit Reductions	25	42
Falling Stocks and Slumping Dividends	10	12
Credit Impairment and Bankruptcy	10	12
Total	120	100

Source: Field Survey 2017

The table above shows that 70 or 100% of respondents strongly agree that recession can impact on marketing by reducing consumer access to products, cuts quality of goods and services, leads to employee lay-offs and reduces benefits, falls stocks and slumps dividends and also leads to credit impairment and bankruptcy. These however, can hinder sustainability

RESULTS AND DISCUSSION

From the results of the field survey, it is found that in achieving marketing sustainability in Nigeria recession, firms should Research the customer., Focus on family values, Maintain marketing spending, Adjust product portfolios, Support distributors, Adjust pricing tactics, Stress market share. Etc. with these factors as enumerated will support their foundation in this recession time.

CONCLUSION

Findings of the research implies that entrepreneurs should customer oriented to survive in this recession time. Being able to know what the consumers wants before going into production, and also by having knowledge of the product life cycle before launching into the launch will also be a good guide.

RECOMMENDATION

1) Firms should be customer oriented
2) Firms should be mindful of both their external or internal marketing environment
3) They should employ marketing communication skill in reaching out to the end users
4) They should endeavour to know their product life cycle before launching into the market

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